

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD

SASB is an independent, private sector standards-setting organization dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. The table below cross-references the SASB accounting metrics with where that information can be found in the [FY19 NIKE, Inc. Impact Report](#) (FY19 NIR) and [Nike's Purpose Website](#).

## SASB STANDARD – APPAREL, ACCESSORIES AND FOOTWEAR

| Topic                                     | Accounting Metric  | Category                | Unit of Measure | Code         | Data Response   | Reference  |
|---|--|-------------------------|-----------------|--------------|---|--|
| MANAGEMENT OF CHEMICALS IN PRODUCTS       | Discussion of processes to maintain compliance with restricted substances regulations  | Discussion and Analysis | N/A             | CG-AA-250a.1 |   | <ul style="list-style-type: none"> <li>FY19 NIR: Chemistry (Measure: 100% Compliance with NIKE RSL) <a href="#">page 57</a></li> <li><a href="#">Approach to Chemistry</a></li> <li><a href="#">Chemistry Playbook</a></li> </ul>  |
|   | Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products  | Discussion and Analysis | N/A             | CG-AA-250a.2 |   | <ul style="list-style-type: none"> <li>FY19 NIR: Chemistry (Target: Enable Zero Discharge of Hazardous Chemicals) <a href="#">page 56</a></li> <li><a href="#">Approach to Chemistry</a></li> <li><a href="#">Chemistry Playbook</a></li> </ul>  |
| ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement  | Quantitative            | Percentage (%)  | CG-AA-430a.1 | In FY19, 98% of focus suppliers met legal compliance, 51% met NIKE's Wastewater Quality requirements and approximately 79% reported compliance to the new ZDHC wastewater requirements.   | <ul style="list-style-type: none"> <li>FY19 NIR: Chemistry (Measure: 100% of focus suppliers meetings NIKE's wastewater quality requirements for textile dyeing and finishing processes) <a href="#">page 59</a></li> <li><a href="#">Approach to Chemistry</a></li> <li><a href="#">Chemistry Playbook</a></li> </ul>   |
|   | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment | Quantitative            | Percentage (%)  | CG-AA-430a.2 | <p>100% of Tier 1 suppliers are audited to our Code of Conduct, which includes environmental compliance. Our focus finished goods suppliers also report on a monthly basis their performance against NIKE Sustainability targets.</p> <p>Suppliers beyond Tier 1, producing approximately 80% of our materials, have completed the 2018 Higg FEM assessment. Our focus material suppliers also report on a monthly basis their performance against NIKE Sustainability targets.</p> <p>We disclose a number of strategic materials suppliers (Tier 2) on our <a href="#">Manufacturing Map</a> along with finished goods factories.</p> | <ul style="list-style-type: none"> <li>FY19 NIR: Sustainable Sourcing (Target: Source 100% from factories that meet our definition of sustainable) <a href="#">page 27</a></li> <li><a href="#">NIKE's Sourcing and Manufacturing Standards</a></li> <li><a href="#">Building Supplier Capabilities in Environmental Management</a></li> <li><a href="#">Chemistry Playbook</a></li> </ul>   |
|   | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor  | Quantitative            | Percentage (%)  | CG-AA-430b.1 | <p>100% of Tier 1 suppliers audited to NIKE Code of Conduct</p> <ul style="list-style-type: none"> <li>8.4% of factories were independently audited by third-party auditors (FLA and Better Work)</li> </ul> <p>We disclose a number of strategic material suppliers (Tier 2) on our <a href="#">Manufacturing Map</a> along with finished goods factories.</p>   | <ul style="list-style-type: none"> <li>FY19 NIR: Sustainable Sourcing (Target: Source 100% from factories that meet our definition of sustainable) <a href="#">page 27</a></li> <li><a href="#">NIKE's Sourcing and Manufacturing Standards</a></li> </ul>   |
| LABOR CONDITIONS IN THE SUPPLY CHAIN      | Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits  | Quantitative            | Rate            | CG-AA-430b.2 | <p>In FY19, 7% of factories were rated below Bronze (baseline compliance with NIKE Code of Conduct).</p> <p>When facilities receive a below-compliance rating, they are expected to remediate the issue with onsite verification of the remediation within six months. In all instances, full re-audits are conducted to verify corrective actions have been completed.</p>   | <ul style="list-style-type: none"> <li>FY19 NIR: Sustainable Sourcing (Target: Source 100% from factories that meet our definition of sustainable) <a href="#">page 27</a></li> <li><a href="#">NIKE's Sourcing and Manufacturing Standards</a></li> </ul>   |
|   | Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain  | Discussion and Analysis | N/A             | CG-AA-430b.3 |   | <ul style="list-style-type: none"> <li>FY19 NIR: <ul style="list-style-type: none"> <li>Employees (Target: Attract and develop an increasingly diverse, engaged and healthy workforce) <a href="#">page 11</a></li> <li>Occupational Health and Safety <a href="#">page 22</a></li> <li>Transform Manufacturing <a href="#">page 25</a></li> <li>Sustainable Sourcing (Target: Source 100% from factories that meet our definition of sustainable) <a href="#">page 27</a></li> <li>Minimize Environmental Footprint <a href="#">page 34</a></li> <li>Issue Prioritization <a href="#">page 65</a></li> </ul> </li> <li><a href="#">NIKE's Sourcing and Manufacturing Standards</a></li> <li><a href="#">Protecting the Environment</a></li> <li><a href="#">Making Product Responsibly</a></li> </ul> |



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|-------------------------------|--|-------------------------|--------------------------|--------------|---|---|
|                               | Description of environmental and social risks associated with sourcing priority raw materials                            | Discussion and Analysis | N/A                      | CG-AA-440a.1 |   | <ul style="list-style-type: none"> <li>• FY19 NIR:               <ul style="list-style-type: none"> <li>– Materials (Target: Increase use of more sustainable materials in footwear and apparel) <i>page 39</i></li> <li>– Product (Target: Deliver products for maximum performance with minimum impact, with a 10% reduction in the average environmental footprint) <i>page 36</i></li> </ul> </li> <li>• <a href="#">Sustainable Materials</a></li> <li>• <a href="#">Sustainable Materials Approach</a></li> <li>• <a href="#">Chemistry Playbook</a></li> </ul> |
| <b>RAW MATERIALS SOURCING</b> | Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard | Quantitative            | Percentage (%) by weight | CG-AA-440a.2 | Materials (FY19)<br><b>Rubber</b><br>94% environmentally preferred<br><b>Cotton</b><br>• 9% certified organic<br>• 76% Better Cotton Initiative<br>• 1% recycled<br><b>Polyester</b><br>20% recycled<br><b>Corrugate/Paper</b><br>84% recycled<br><b>EVA Foam</b><br><1% recycled | <ul style="list-style-type: none"> <li>• FY19 NIR:               <ul style="list-style-type: none"> <li>– Materials (Target: Increase use of more sustainable materials in footwear and apparel) <i>page 39</i></li> <li>– Product (Target: Deliver products for maximum performance with minimum impact, with a 10% reduction in the average environmental footprint) <i>page 36</i></li> </ul> </li> <li>• <a href="#">Sustainable Materials</a></li> <li>• <a href="#">Sustainable Materials Approach</a></li> </ul>   |
| N/A                           | Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1   | Quantitative            | Number                   | CG-AA-000.A  | <ul style="list-style-type: none"> <li>• 523 finished good factories</li> <li>• 70 materials facilities</li> </ul>  | <ul style="list-style-type: none"> <li>• <a href="#">Manufacturing Map</a></li> </ul>   |

To learn more, please see our FY19 NIKE, Inc. Impact Report at <https://purpose.nike.com/>

